MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

TFA2141 – FINANCIAL ACCOUNTING FOR MANAGERS

(All sections / Groups)

1 MARCH 2019
9.00a.m – 11.00a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 5 pages with 4 Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Ms Sheila runs a local fruit business called *FruityShop*. The following shows the list of transactions that happened in the month of January 2019.

1. *FruityShop* opens a current account with a bank and deposits RM20,000 cash into bank account.
2. Ms Sheila contributed RM2,000 cash into the business.
3. Bought 500 kg of banana from Local Banana Farm on credit. Each kilogram of banana cost RM2.00.
4. Ms Sheila wrote out a cheque for paying RM200 business utilities expenses.
5. Sold 100kg of banana to a local fruit store in cash. Each kg of banana is sold for RM5.00.
6. Bought 200kg of papaya from Local Papaya Farmer cost RM500 with paying 10% of cash deposit, and the rest is on credit.
7. Purchased a new equipment cost RM3,000 paid by cheque.
8. Ms Sheila used cash in hand of business to pay off her personal telephone bill that cost RM200.
9. Paid monthly salary to John by cash RM1,000.
10. Settled the amount owing to Local Banana Farm by cheque RM900, receiving RM100 cash discount.

Required: State journal entries to record the above transactions.

(11 marks)

Part B

Yoko Construction Company purchased a new equipment for RM600,000 at the beginning of year 2016. The equipment was expected to remain in service for 10-years. Yoko Construction Company has depreciated the equipment on a reducing balance basis at 10% per annum.

Required:

a) Prepare a schedule showing the annual Depreciation expense, Accumulated Depreciation and Net Book Value of the equipment for each of the four years (2016, 2017, 2018 and 2019).

(12 marks)

b) State journal entry to record depreciation of equipment for year 2018 and 2019.

(2 marks)

Total: 25 marks

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QUESTION 2

The trial balance of *Jojo Enterprise* at 31st December 2018 and the data for the year-end adjustments follow:

Jojo Enterprise Trial Balance as at 31st December 2018		
Account	**Debit**	**Credit**
Purchases	180,000	
Sales		263,500
Return inwards	1,980	
Return outwards		850
Insurance expenses	5,420	
Utilities	2,000	
Telephone expenses	5,000	
Salary expenses	25,000	
Accounts Receivable	27,000	
Accounts Payable		11,650
Land and Building	265,000	
Motor Vehicle	60,000	
Cash	5,600	
Bank	34,000	
Capital		132,000
Loan		240,000
Drawings	3,500	
Inventory as at 1 January 2017	45,500	
Accumulated depreciation Motor Vehicle		12,000
Total	**660,000**	**660,000**

Additional data at 31st August 2018:

1. Inventory as at 31 December 2018 was RM22,000.
2. Depreciation on motor vehicle is to be provided at 10% on straight line method.
3. Telephone expense for December, RM200; the bill was received but not recorded.
4. Insurance amounting RM400 has been paid in advance.
5. The owner used cash in the business bank account to pay off his personal lunch that cost RM100.

Required:

a) Prepare Income Statement for the year ended 31st December 2018 (11 marks)

b) Prepare Statement of Financial Position as at 31st December 2018 (14 marks)

Total: 25 marks

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QUESTION 3

Part A

Financial statement data of Ellianto Company include the following items:

	2017	2018
Cash	47,000	27,000
Short-term investments	4,000	33,000
Accounts receivable	135,000	120,000
Inventory	271,000	238,000
Prepaid expenses	8,000	22,000
Total assets	510,000	590,000
Total current liabilities	332,000	177,000
Long-term debt	84,000	147,000
Income before tax and interest expense	169,000	191,000
Interest expense	43,000	41,000

Required:

a) Compute the following ratios for year 2017 and 2018. (*Round your answers to two decimal places*):

1. Current ratio
2. Acid-test ratio
3. Debt to assets ratio
4. Times-interest earned ratio

(12 marks)

b) Explain whether Ellianto Company's ability to pay its current liabilities, long-term debt and interest expense improved or deteriorated during 2018.

(3 marks)

Part B

Vertical analysis (common-size) percentages for Sizuka Company's sales revenue, cost of sales and expenses are listed accordingly:

	2018	2017	2016
Net sales	100%	100%	100%
Other revenues	50.25	20.25	25.25
Cost of sales	60.25	55.25	66.25
Expenses	30.25	22.25	33.25

Required:

Did Sizuka Company's net income as a percent of sales increase, decrease, or remain unchanged over the 3 years period? Justify and show numerical workings to support your answer.

(10 marks)

Total: 25 marks

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QUESTION 4

The comparative Statement of Financial Position of Sona Studio as at 31st December, 2018 and 2017, and transaction data for year 2018 are as follows:

	2018	2017
Non-Current Assets	RM	RM
Land	58,100	98,900
Equipment	74,900	73,600
Long-term investment	10,000	5,000
Current Assets		
Cash	28,900	2,400
Accounts receivable	59,000	22,300
Inventories	98,200	40,400
Prepaid expenses	3,500	2,500
Total assets	**332,600**	**245,100**
Share capital	79,700	51,600
Retained earnings	34,100	8,500
Non-Current Liability		
Long-term note payable	48,700	94,200
Current Liabilities		
Accounts payable	152,900	70,800
Interest payable	3,500	2,500
Tax payable	13,300	14,400
Salary payable	400	3,100
Total liabilities and equity	**332,600**	**245,100**

Transaction data for the year ended 31st December 2018:

1. Net income, RM73,400.
2. Depreciation expense on equipment, RM13,900.
3. Purchased long-term investment, RM5,000.
4. Acquired new equipment by cash, RM15,200.
5. Sold land for RM33,800, including RM7,000 loss.
6. Paid long-term note payable, RM45,500.
7. Received cash for issuance of shares, RM28,100.
8. Paid cash dividends, RM47,800.

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Required:

a) Prepare the statement of cash flows of Sona Studio for the year ended 31 December 2018, using the indirect method.

(20 marks)

b) Considering the net income and the company's cash flows during 2018. Was that a good year or a bad year? Give your reasons.

(5 marks)

Total: 25 marks

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